

August 5, 2004 Commission Meeting Summary

ITEM

1. **Public Comment.** *No public comment received.*

CONSENT ITEMS

2. **Approval of the Minutes of the June 25, 2004, Commission Meeting.** *Approved.*

ENFORCEMENT

Conflicts of Interest

3. **In the Matter of Elaine Griffin, FPPC No. 03/257.** Staff: Commission Counsel Julia Bilaver and Investigator III Sandra Buckner. As a consultant to the Department of Water Resources in the California Energy Resources Scheduling division, Respondent Elaine Griffin made two governmental decisions in which she had a financial interest, in violation of Government Code section 87100 (2 counts). *Approved; \$5,000 fine.*

Campaign Money Laundering Violation

4. **In the Matter of Arthur J. Johnston, III, FPPC No. 2004/178.** Staff: Senior Commission Counsel Deanne Canar and Supervising Investigator Dennis Pellón. Respondent Arthur J. Johnston, III, also known as Jim Johnston, is a self-employed media consultant in San Diego. In September 2003, the Commission issued a Default Decision and Order in the Matter of Colin Flaherty, FPPC No. 99/783, imposing an administrative penalty of \$76,000 on Flaherty for, among other things, thirty-six violations of section 84301 of the Government Code, commonly referred to as “campaign money laundering.” Respondent Johnston made six contributions on behalf of Flaherty, for which he was reimbursed, without disclosing to the recipients of the contributions that Flaherty was the true source of the contributions and other required information, in violation of section 84302 of the Government Code (6 counts). *Approved; \$6,000 fine.*

Campaign Reporting Violations

5. **In the Matter of Sarah Reyes, Friends of Sarah Reyes, and Gustavo Corona, FPPC No. 02/429.** Staff: Commission Counsel Julia Bilaver and Investigator II Charlie Bilyeu. Respondent Sarah Reyes was a successful incumbent candidate for the California State Assembly, representing the 31st District, in the November 7, 2000 general election. Respondent Friends of Sarah Reyes is the controlled committee of Respondent Reyes. Respondent Gustavo Corona is the treasurer of Respondent Committee. In this matter,

Respondents failed to disclose the making of 8 late contributions and the receipt of 23 late contributions in properly filed late contribution reports, in violation of Government Code section 84203(a) (31 counts). ***Approved; \$23,000 fine.***

6. **In the Matter of Eric Perrodin, Committee to Elect Eric Perrodin and Thomas Barclay, FPPC No: 01/175.** Staff: Commission Counsel Steven Meinrath and Investigator II Charlie Bilyeu. Respondent Eric Perrodin was a candidate for Mayor of Compton in the April 17, 2001 General Municipal Election and was elected Mayor in the June 5, 2001 run-off election. Respondent Committee to Elect Eric Perrodin was Respondent Perrodin's controlled committee. Respondent Thomas Barclay was the treasurer of Respondent Committee. Respondents failed to timely file a pre-election campaign statement, in violation of Government Code sections 84200.5 and 84200.8 (1 count); failed to file a late contribution report, in violation of Government Code section 84203 (1 count); and failed to timely file a semi-annual campaign statement, in violation of Government Code section 84200(a) (1 count). ***Approved; \$11,000 fine. Commissioner Karlan recused herself from this matter.***
7. **In the Matter of MedImpact Healthcare Systems, Inc., FPPC No. 03/579.** Staff: Commission Counsel Jennie Eddy and Investigator III Jon Wroten. Respondent MedImpact Healthcare Systems, Inc. is a pharmacy benefits management corporation located in San Diego. Respondent committed one violation of the Act by failing to timely file a semi-annual campaign statement, in violation of Section 84200(b) of the Government Code (1 count). ***Approved; \$1,500 fine.***
8. **In the Matter of Pacific Spanish Network, Inc., FPPC No. 02/1043. Staff: Commission Counsel Jennie Eddy and Investigator III Jon Wroten.** Respondent Pacific Spanish Network, Inc. is a California corporation engaged in radio communications, headquartered in Chula Vista. Respondent committed seven violations of the Act by failing to disclose two late contributions in properly filed late contribution reports, in violation of Section 84203(a) (2 counts); failing to timely file two semi-annual campaign statements, in violation of Section 84200(b) (2 counts); and failing to file a late contribution report and two semi-annual campaign statements electronically, in violation of Section 84605(a) (3 counts). ***Approved; \$12,500 fine.***
9. **In the Matter of Diane-Meyer-Simon, FPPC No. 03/580.** Staff: Commission Counsel Jennie Eddy and Investigator III Jon Wroten. Respondent Diane Meyer-Simon is the Founder, President Emeritus, and Chair of Global Green USA and resides in Montecito, California and Indianapolis, Indiana. Respondent committed two violations of the Act by failing to timely file two semi-annual campaign statements, in violation of section 84200(b). ***Approved; \$4,000 fine.***

Late Contribution – Streamlined Program

10. **Failure to Timely File Late Contribution Reports – Proactive Program.** Staff: Acting Chief Investigator Sue Straine, Investigator III Jon Wroten, and Political Reform Consultant Mary Ann Kvasager. The following persons and entities have entered into stipulations for

failure to file late contribution reports in 2003, in violation of Government Code Section 84203:

- a. **In the Matter of George Garrick, FPPC No. 2004-142.** George Garrick of Atherton, California failed to timely disclose a late contribution totaling \$21,200.00. (1 count). *Approved; \$3,180 fine.*
- b. **In the Matter of Andrew Littlefair, FPPC No. 2004-148.** Andrew Littlefair of Newport Beach, California failed to timely disclose a late contribution totaling \$21,200.00. (1 count). *Approved; \$3,100 fine.*
- c. **In the Matter of Sigue Corporation, FPPC No. 2004-155.** Sigue Corporation of San Fernando, California failed to timely disclose a late contribution totaling \$21,200.00. (1 count). *Approved; \$3,180 fine.*

Statement of Economic Interests – Streamlined Program

11. Failure to Timely File Statements of Economic Interests. Staff: Commission Counsel Jeffery A. Sly, Investigator III Dan Schek, and SEI Coordinator Mary Ann Kvasager. The following persons have entered into stipulations for failing to timely file statements of economic interests, in violation of Government Code sections 87202, 87203, 87204 or 87300.

- a. **In the Matter of Stephen Kellogg, FPPC No. 03/229.** Stephen Kellogg, a member of the Building Board of Appeals for the City of Modesto, failed to timely file an assuming office, 2001 annual, and 2002 annual statement of economic interests, in violation of Government Code section 87300 (3 counts). *Approved; \$300 fine.*
- b. **In the Matter of Diana Peterson-More, FPPC No. 03/442.** Diana Peterson-More, a member of the Planning Commission for the City of Pasadena, failed to timely file a 2002 annual statement of economic interests, in violation of Government Code section 87203 (1 count). *Approved; \$100 fine.*
- c. **In the Matter of Margaret Briare, FPPC No. 04/027.** Margaret Briare, a Director for the Bodega Bay Fire Protection District for the County of Sonoma, failed to timely file a 2002 annual statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved; \$100 fine.*
- d. **In the Matter of Berchard Shipley, FPPC No. 03/740.** Berchard Shipley, a member of the Planning Commission for the City of Brentwood, failed to timely file a 2002 annual statement of economic interests, in violation of Government Code section 87203 (1 count). *Approved; \$100 fine.*
- e. **In the Matter of Bridget Silva, FPPC No. 03/725.** Bridget Silva, an Insurance Broker for Keenan & Associates, consultants to multi-jurisdictional insurance agencies, failed to

timely file a 2002 annual statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved; \$100 fine.*

- f. **In the Matter of Debra Steward, FPPC No. 03/726.** Debra Steward, an Insurance Broker for Keenan & Associates, consultants to multi-jurisdictional insurance agencies, failed to timely file a 2002 annual statement of economic interests, in violation of Government Code section 87300 (1 count). *Approved; \$100 fine.*

LEGAL MATTERS

REGULATIONS

Adoption

- 12. Adoption Discussion of Proposed Regulatory Action to Address General Plan Decisions: Amendment of Reg. 18704.2 (Direct/Indirect Involvement).** Staff: Commission Counsel Natalie Bocanegra. This regulatory project has explored whether the conflict-of-interest regulations should be amended to address general plan issues. The staff memorandum proposes amendment of regulation 18704.2, which pertains to Step 4 of the conflict-of-interest analysis and determines the direct or indirect involvement of real property in a governmental decision. *The amendments were adopted with revisions.*
- 13. Adoption of Amendments to Required Recordkeeping for Chapter 4 – Regulation 18401 and Disclosure of the Making and Receipt of Contributions – Regulation 18421.1.** Staff: Commission Counsel Galena West and Executive Fellow Stephanie Dougherty. The Commission is considering amendment of regulation 18401, the required recordkeeping regulation, and regulation 18421.1, which contains the standards for determining when a contribution is made or received. The proposed amendments to regulation 18401 outline what records must be retained for a contribution made through electronic means. The proposed amendments to regulation 18421.1 address when an electronic contribution has been “made” or “received.” *Adopted.*
- 14. Adoption Discussion of “Has Reason to Know/Reasonable Diligence” Regulation (Re-Adoption of Regulation 18700.1).** Staff: Assistant General Counsel John W. Wallace. Draft regulation 18700.1 interprets the “has reason to know” language of section 87100. The draft regulation requires that a public official exercise reasonable diligence to determine whether he or she has reason to know that the decision will have a reasonably foreseeable material financial effect upon his or her economic interests. In addition, the draft regulation clarifies that a public official’s duty to comply with section 87100 is non-delegable. *The Commission decided not to adopt the regulation.*

Pre-Notice Discussion

- 15. Personal Loans (§ 85307) - Pre-notice Discussion of Proposed Amendments to Regulation 18530.8.** Staff: Commission Counsel Natalie Bocanegra. This regulatory project considers the interpretation of section 85307, addressing personal loans from candidates to

their campaigns. The Commission is asked whether it wishes to re-examine issues relating to the \$100,000 personal loan limit and is presented with proposed language amending regulation 18530.8. *The Commission approved the amendments described in Decision Point 1 for adoption in October.*

ITEMS REMOVED FROM CONSENT

ACTION ITEM

- 16. Legislative Report.** Staff: Executive Director Mark Krausse. *The Commission approved the staff recommendation to support AB 2842 and to seek amendments to SB 1353 to resolve issues related to federal employees appointed to state and local boards and commissions.*

DISCUSSION ITEMS

- 17. Executive Director's Report.** Staff: Executive Director Mark Krausse. *Mr. Krausse reported that the agency's budget reduction would be \$500,000.*
- 18. Litigation Report.** Staff: General Counsel Luisa Menchaca and Senior Commission Counsel Larry Woodlock. *No action taken.*